

STATE OF MCHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

Great Lakes Health Plan, Inc.
NAIC# 95467

Enforcement Case No. 06-4291

Respondent

Issued and entered,
on April 17, 2007,
by Richard D. Lavolette,
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

I.
FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Great Lakes Health Plan, Inc. ("Respondent") is a licensed health maintenance organization.
2. As a licensed health maintenance organization, Respondent is required to comply with Section 1341(1)(d) of the Michigan Insurance Code, which provides that:

(1) Transactions within a holding company system to which an insurer domiciled in this state or any foreign insurer whose written insurance premium in this state for each of the most recent 3 years exceeds the premiums written in its state of domicile and whose written premium in this state was 20% or more of its total written premium in each of the most recent 3 years is a party or with respect to which the assets or liabilities of these insurers are affected are subject to all of the following standards:

(d) The books, accounts, and records of each party shall be so maintained as to clearly and accurately disclose the precise nature

and details of the transactions including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties.

3. The Office of Financial and Insurance Services (OFIS) conducted an examination of the Respondent in 2004. The examination revealed that bank reconciliations were not being prepared and inter-company settlements were not taking place on a monthly basis, as required by the management agreement.
4. Respondent's failure to operate within the provisions of the management agreement that pertains to its banking and accounting procedures is a violation of Section 1341 of the Code.
5. Respondent has corrected its procedures and now conducts its banking and accounting procedures in accordance with Section 1341 of the Code.
6. Regardless, Respondent remains subject to a penalty under Section 150 and/or Section 1371 of the Code, MCL 500.150 and MCL 500.1371, for violating Section 1341 of the Code.

II. ORDER

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is **ORDERED** that:

1. Respondent shall not violate the Michigan Insurance Code, including but not limited to Section 1341 of the Michigan Insurance Code.
2. Respondent shall pay to the State of Michigan a civil fine of Five Hundred Dollars (\$500.00). Upon execution of this Order, OFIS will send Respondent an Invoice for the civil fine, which will be due within 30 days of issuance of the Invoice.

Dated: APRIL 16, 2007


Richard D. Lavolette
Chief Deputy Commissioner